

## STATE CORPORATION COMMISSION

AT RICHMOND, MAY 19, 2020

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## APPLICATION OF

APPALACHIAN NATURAL GAS  
DISTRIBUTION COMPANY

CASE NO. PUR-2020-00078

For approval to implement SAVE rates  
for each customer class for Year 2 of its  
SAVE Plan

ORDER FOR NOTICE AND COMMENT

On May 1, 2020, Appalachian Natural Gas Distribution Company ("ANGD" or the "Company") filed an application ("Application") pursuant to Section 56-603 *et seq.* of the Code of Virginia ("Code"), known as the Steps to Advance Virginia's Energy ("SAVE") Plan Act, and in accordance with the State Corporation Commission's ("Commission") July 16, 2019 Order Approving SAVE Plan and Rider for ANGD in Case No. PUR-2019-00011 (the "2019 SAVE Order").<sup>1</sup> ANGD's Application seeks approval to implement SAVE rates for each customer class for Year 2 of its SAVE Plan (the "Year 2 Rates"). ANGD requests that the proposed Year 2 Rates for each customer class become effective August 1, 2020.<sup>2</sup>

In its Application, the Company states that it sells and distributes natural gas to approximately 1,500 customers in the Virginia Counties of Russell, Dickenson, Buchanan, Wise, Lee, Tazewell and Carroll.<sup>3</sup> The Company further states that, in its 2019 SAVE Order, the Commission directed ANGD to file its request for Year 2 Rates by May 1, 2020, for the rate year

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<sup>1</sup> *Petition of Appalachian Natural Gas Distribution Company, For approval of a SAVE Plan and Rider as provided by Chapter 26 of Title 56 of the Code of Virginia*, PUR- 2019-00011, Doc. Con. Cen. No. 190720095, Order (July 16, 2019) at 6.

<sup>2</sup> Application at 5.

<sup>3</sup> *Id.* at 3.

beginning August 1, 2020, and ending July 31, 2021.<sup>4</sup> Per ANGD, the Commission also held that ANGD's initial "Reconciliation Rate" would be filed in Year 3 of the SAVE Plan and would reconcile the 17-month period of August 1, 2019, through December 31, 2020.<sup>5</sup> The Company therefore did not include a reconciliation component for the Year 2 Rates as such will be included in next year's filing.<sup>6</sup>

According to the documents and workpapers submitted by the Company in support of the revenue requirement for the Year 2 Rates, the revenue requirement and Year 2 Rates are designed to recover the costs, as defined by § 56-603 of the Code, of eligible infrastructure replacement projects that will occur in Year 2.<sup>7</sup> The Year 2 projects are outlined in Schedule 17 to the Commission Staff ("Staff") Report filed in Case No. PUR-2019-00011 and include replacement of approximately 8,900 feet of vintage plastic main in the Industrial Park area, on Hockman Pike and Fincastle Turnpike.<sup>8</sup> The total 2020 SAVE Factor Revenue Requirement presented by the Company is \$153,794.<sup>9</sup> According to Schedule 17 of the Company's Application, residential customers will receive a charge of \$4.89 per month, an increase of \$3.30 or 5.82%, on the average residential monthly bill compared to the \$1.59 current SAVE charge.<sup>10</sup>

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<sup>4</sup> 2019 Save Order at 3.

<sup>5</sup> Application at 2, citing 2019 Save Order at 3.

<sup>6</sup> Application at 2.

<sup>7</sup> *Id.* at 4.

<sup>8</sup> *See Petition of Appalachian Natural Gas Distribution Company, For approval of a SAVE Plan and Rider as provided by Chapter 26 of Title 56 of the Code of Virginia*, Case No. PUR-2019-00011, Doc. Con. Cen. No. 190440059, Staff Report (Apr. 30, 2019) at Schedule 17. The projects to be included in Year 2 are listed in Staff's Schedule 17 under the first "Year 3" heading, which should read "Year 2." The Commission adopted the recommendations in the Staff Report in the 2019 SAVE Order at p. 4.

<sup>9</sup> Application at Ex. JDJ – Schedules 1 and 10.

<sup>10</sup> Application at Ex. JDJ – Schedule 17 (p. 5).

NOW THE COMMISSION, upon consideration of ANGD's Application, is of the opinion and finds that this matter should be docketed; that the Company should provide public notice of its Application; that any interested parties should be afforded an opportunity to file comments or request a hearing on the Company's Application; and that the Staff should investigate the Application and file a report containing the Staff's findings and recommendations.

The Commission further takes judicial notice of the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, and the declarations of emergency issued at both the state and federal levels.<sup>11</sup> The Commission has taken certain actions, and may take additional actions going forward, that could impact the procedures in this proceeding.<sup>12</sup> Consistent with these actions, in regard to the terms of the procedural framework established below, the Commission will, among other things, direct the electronic filing of testimony and pleadings, unless they contain confidential information, and require electronic service on parties to this proceeding.

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<sup>11</sup> See, e.g., Executive Order No. 51, Declaration of a State of Emergency Due to Novel Coronavirus, COVID-19, issued March 12, 2020, by Governor Ralph S. Northam. See also Executive Order No. 53, Temporary Restrictions on Restaurants, Recreational, Entertainment, Gatherings, Non-Essential Retail Businesses, and Closure of K-12 Schools Due to Novel Coronavirus (COVID-19), issued March 23, 2020, by Governor Ralph S. Northam, and Executive Order No. 55, Temporary Stay at Home Order Due to Novel Coronavirus (COVID-19), issued March 30, 2020, by Governor Ralph S. Northam.

<sup>12</sup> See, e.g., *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: Electronic Service of Commission Orders*, Case No. CLK-2020-00004, Doc. Con. Cen. No. 200330035, Order Concerning Electronic Service of Commission Orders (Mar. 19, 2020); *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: Revised Operating Procedures During COVID-19 Emergency*, Case No. CLK-2020-00005, Doc. Con. Cen. No. 200330042, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (Mar. 19, 2020) ("Revised Operating Procedures Order"); *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: Revised Operating Procedures During COVID-19 Emergency*, Case Nos. CLK-2020-00004 and CLK-2020-00005, Doc. Con. Cen. No. 200520101, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (May 11, 2020); *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: Electronic service among parties during COVID-19 emergency*, Case No. CLK-2020-00007, Doc. Con. Cen. No. 200410009, Order Requiring Electronic Service (Apr. 1, 2020).

Accordingly, IT IS ORDERED THAT:

(1) The matter is docketed as Case No. PUR-2020-00078.

(2) All pleadings, briefs, or other documents required to be served in this matter should be submitted electronically to the extent authorized by Rule 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure ("Rules of Practice").<sup>13</sup>

Confidential and Extraordinarily Sensitive information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. For the duration of the COVID-19 emergency, any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.<sup>14</sup>

(3) Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Commission's Rules of Practice, the Commission directs that service on parties and the Staff in this matter shall be accomplished by electronic means. Concerning Confidential or Extraordinarily Sensitive Information, parties and the Staff are instructed to work together to agree upon the manner in which documents containing such information shall be served upon one another, to the extent practicable, in an electronically protected manner, even if such information is unable to be filed in the Office of the Clerk, so that no party or the Staff is impeded from preparing its case.

(4) As provided by § 12.1-31 of the Code and Rule 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice, a Hearing Examiner is appointed to rule on any discovery matters that arise during the course of this proceeding.

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<sup>13</sup> 5 VAC 5-20-10 *et seq.*

<sup>14</sup> As noted in the Commission's Revised Operating Procedures Order, submissions to the Commission's Clerk's Office via U.S. mail or commercial mail equivalents may not be processed for an indefinite period of time due to the COVID-19 emergency.

(5) On or before June 12, 2020, the Company shall cause a copy of the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's service territory within the Commonwealth of Virginia:

NOTICE TO THE PUBLIC OF AN APPLICATION BY  
APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY  
FOR APPROVAL TO IMPLEMENT SAVE RATES FOR  
EACH CUSTOMER CLASS FOR YEAR 2 OF ITS  
SAVE PLAN  
CASE NO. PUR-2020-00078

On May 1, 2020, Appalachian Natural Gas Distribution Company ("ANGD" or the "Company") filed an application ("Application") pursuant to Section 56-603 *et seq.* of the Code of Virginia ("Code"), known as the Steps to Advance Virginia's Energy ("SAVE") Plan Act, and in accordance with the State Corporation Commission's ("Commission") July 16, 2019 Order Approving SAVE Plan and Rider for ANGD in Case No. PUR-2019-00011 (the "2019 SAVE Order"). ANGD's Application seeks approval to implement SAVE rates for each customer class for Year 2 of its SAVE Plan (the "Year 2 Rates"). ANGD requests that the proposed Year 2 Rates for each customer class become effective August 1, 2020.

In its Application, the Company states that it sells and distributes natural gas to approximately 1,500 customers in the Virginia Counties of Russell, Dickenson, Buchanan, Wise, Lee, Tazewell and Carroll. The Company further states that, in its 2019 SAVE Order, the Commission directed ANGD to file its request for Year 2 Rates by May 1, 2020, for the rate year beginning August 1, 2020, and ending July 31, 2021. The Company did not include a reconciliation component for the Year 2 Rates as such will be included in the filing related to Year 3 of the SAVE Plan.

According to the documents and workpapers submitted by the Company in support of the revenue requirement for the Year 2 Rates, the revenue requirement and Year 2 Rates are designed to recover the costs, as defined by § 56-603 of the Code, of eligible infrastructure replacement projects that will occur in Year 2. The Year 2 projects are outlined in Schedule 17 to the Commission Staff ("Staff") Report filed in Case No. PUR-2019-00011, and include replacement of approximately 8,900 feet of vintage plastic

main in the Industrial Park area, on Hockman Pike and Fincastle Turnpike. The total 2020 SAVE Factor Revenue Requirement presented by the Company is \$153,794. According to Schedule 17 of the Company's Application, residential customers will receive a charge of \$4.89, an increase of \$3.30 or 5.82%, on the average residential monthly bill compared to the \$1.89 current SAVE charge.

The details of these and other proposals are set forth in the Company's Application. Interested persons are encouraged to review the Company's Application and supporting exhibits for the details of these proposals.

TAKE NOTICE that the Commission may adopt rates that differ from those appearing in the Company's Application and supporting documents and may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents.

The Commission entered an Order for Notice and Comment that, among other things, directed the Company to provide notice to the public and provided interested persons an opportunity to comment on the Company's Application.

The Commission has taken judicial notice of the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, and the declarations of emergency issued at both the state and federal levels. In accordance therewith, all pleadings, briefs, or other documents required to be served in this matter should be submitted electronically to the extent authorized by 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"). Confidential and Extraordinarily Sensitive information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. For the duration of the COVID-19 emergency, any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.

Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Commission's Rules of Practice, the Commission has directed that service on parties and Staff in this matter shall be accomplished by electronic means. Please refer to the Commission's Order for Notice and Comment for further instructions concerning Confidential or Extraordinarily Sensitive Information.

Interested persons may download unofficial copies of the Application from the Commission's website:

<https://scc.virginia.gov/pages/Case-Information>. Copies of these documents also may be obtained, at no charge, by submitting a written request to counsel for the Company: Brian R. Greene, Esquire, GreeneHurlocker, PLC, 4908 Monument Avenue, Suite 200, Richmond, Virginia 23230, or [Bgreene@greenehurlocker.com](mailto:Bgreene@greenehurlocker.com).

On or before June 24, 2020, any interested person wishing to comment on the Company's Application may file written comments on the Application with the Clerk of the Commission by following the instructions on the Commission's website:

<https://scc.virginia.gov/casecomments/Submit-Public-Comments>.

Compact discs or any other form of electronic storage medium may not be filed with the comments. All such comments shall refer to Case No. PUR-2020-00078.

Any person or entity may participate as a respondent in this proceeding by filing, on or before June 24, 2020, with the Clerk of the Commission at: <https://scc.virginia.gov/clk/efiling/>, a notice of participation in accordance with the Commission's Rules of Practice. Such notice of participation shall include the email addresses of such parties or their counsel. Pursuant to Rule 5 VAC 5-20-80, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent shall be represented by counsel as required by Rule 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2020-00078. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Comment.

On or before June 24, 2020, any interested person or entity may file, with the Clerk of the Commission at:

<https://scc.virginia.gov/clk/efiling/>, a request that the Commission convene a hearing on the Application. Requests for a hearing shall refer to Case No. PUR-2020-00078 and shall include: (i) a precise statement of the filing party's interest in the proceeding; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in this matter.

A copy of any notices of participation and requests for hearing simultaneously shall be sent to counsel for the Company electronically at the email address set forth above.

The Commission's Rules of Practice may be viewed at the Commission's website: <https://scc.virginia.gov/pages/Rules-of-Practice-and-Procedure>.

APPALACHIAN NATURAL GAS DISTRIBUTION COMPANY

(6) On or before June 12, 2020, ANGD shall serve a copy of its Application and this Order for Notice and Comment on the following local officials, to the extent the position exists, in each county, city, and town in which ANGD provides service in the Commonwealth of Virginia: the chairman of the board of supervisors of each county; the mayor or manager (or equivalent official) of every city or town; and the county, city, or town attorney. Service shall be made electronically where possible; if electronic service is not possible, service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.

(7) On or before June 19, 2020, ANGD shall file proof of the service required by Ordering Paragraph (5) and (6) with the Clerk of the Commission.

(8) On or before June 24, 2020, any interested person or entity may file written comments on ANGD's Application with the Clerk of the Commission by following the instructions on the Commission's website: <https://scc.virginia.gov/casecomments/Submit-Public-Comments>. Compact disks or any other form of electronic storage medium may not be filed with the comments. All comments shall refer to Case No. PUR-2020-00078.

(9) On or before June 24, 2020, any interested person may participate as a respondent in this proceeding by filing, with the Clerk of the Commission at: <https://scc.virginia.gov/clk/efiling/>, a notice of participation in accordance with the



Commission's Rules of Practice. Such notice of participation shall include the email addresses of such parties or their counsel. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2020-00078.

(10) On or before June 24, 2020, any interested person or entity may file, with the Clerk of the Commission at: <https://scc.virginia.gov/clk/efiling/>, a request that the Commission convene a hearing on the Company's Application. Requests for hearing must include: (i) a precise statement of the filing party's interest in the proceeding; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in this matter. All such filings shall refer to Case No. PUR-2020-00078.

(11) A copy of any requests for hearing and notices of participation simultaneously shall be sent to counsel for the Company, Brian R. Greene, Esquire, GreeneHurlocker, PLC, 4908 Monument Avenue, Suite 200, Richmond, Virginia 23230, or [Bgreene@greenehurlocker.com](mailto:Bgreene@greenehurlocker.com).

(12) The Staff shall investigate the Application. On or before June 30, 2020, the Staff shall file with the Clerk of the Commission a Staff Report containing its findings and recommendations and promptly shall serve a copy on counsel to the Company and all interested persons filing comments or requests for a hearing.

(13) On or before July 14, 2020, ANGD may file with the Clerk of the Commission any response in rebuttal to the Staff Report, requests for hearing, and any comments filed by interested persons in this proceeding.

(14) All documents filed with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

(15) The Company shall respond to written interrogatories or requests for the production of documents within four (4) calendar days after the receipt of the same. In addition to the service requirements of 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to the Staff.<sup>15</sup> Except as so modified, discovery shall be in accordance with Part IV of the Commission's Rules of Practice.

(16) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Brian R. Greene, Esquire, GreeneHurlocker, PLC, 4908 Monument Avenue, Suite 200, Richmond, Virginia 23230, [Bgreene@greenehurlocker.com](mailto:Bgreene@greenehurlocker.com); C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney General, 202 N. 9th Street, 8th Floor, Richmond, Virginia 23219, [MBrowder@oag.state.va.us](mailto:MBrowder@oag.state.va.us); and the Commission's

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<sup>15</sup> The assigned Staff attorney is identified on the Commission's website, <http://www.scc.virginia.gov/case>, by clicking "Docket Search," then clicking "Search by Case Information," and entering the case number, PUR-2020-00078, in the appropriate box.

Office of General Counsel and Divisions of Public Utility Regulation and Utility Accounting and Finance.